ANNUAL REPORT
2021

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Introduction

Samhae Insurance Company is a marine and aviation insurance company incorporated in line with the state law and principle and with the approval of the State Insurance Commission.

Samhae specializes in marine, aviation and liability (re)insurance and insurance-linked services at home and abroad.

The Company delivers insurance service in all parts of the Country utilizing a network of branches established in major cities.

In close relationship with the international market, Samhae offers tailor made solutions for the transfer of complex maritime risks.

The Company staff are highly efficient and experienced in servicing their clients and collaborating with business partners.

The aim of the Company is to expand in all marine product lines with high credit standing to play a leading role in the market.

COMPANY PRODUCTS

MISSION

To secure the clients against the potential risks and in the case of loss or damage immediately indemnify them to aid their speedy recovery.

CORE VALUE

To be consistent in adhering to the principle of integrity, transparence, promptness and accuracy in insurance service relying on the professionalism and rich experience.

VISION

To develop into a leading and reliable insurer delivering quality insurance service tailor- made to each client's requirements with an eye to a sustainable business growth by virtue of up-to-date science and technology.

Business Strategy

The principal elements of our business strategy are to

- Establish stable and long-term relationships with brokers and clients
- Use our expertise to create innovative insurance products
- Combine traditional underwriting analysis with sophisticated analytical techniques
- Maintain a high level of financial security
- Retain and develop highly motivated and professional staff

Head Office and its Branch Offices

Samhae Insurance Company has its Head Office in the capital city Pyongyang and 10 local branch offices in the major cities in the Country

- Head quarters
- Nampho Branch
- Haeju Branch
- Sariwon Branch
- Wonsan Branch
- Pyongsong Branch
- Sinuju Branch
- Hamhung Branch
- Kanggye Branch
- Hyesan Branch
- Chongjin Branch

Company snapshot in 2021

Premium Growth

Gross Premiums Written: KPW 1,051,449,556
Increased 55.82% more than 2020

Net Underwriting Result: KPW 388,681,101
Increased 24.47% more than 2020

Profit before Payment to State: KPW 279,045,263
Increased 23.88% more than 2020

Retained Earnings: KWP 1,158,356,177
Increased 20.28% more than 2020

KEY DRIVERS

Information-oriented Business Technology

Introduction of New Business Model

Scientific Risk Management and Loss Adjustment

Immediate Recovery System

COLLABORATION

Establishment of business relationship with new Brokers and Reinsurers

Cooperation with Business Partners in wide range of business

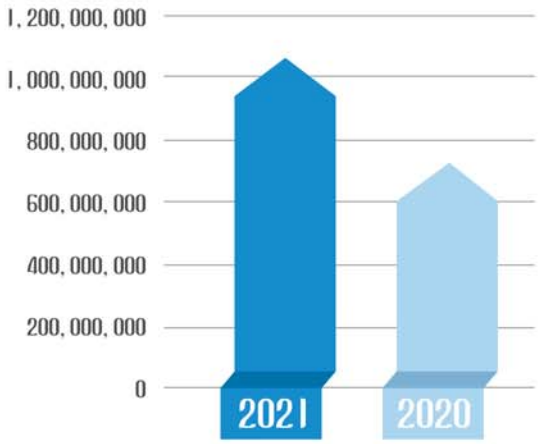
Exchange of information and view with Clients throughout the Country and abroad

Key Financial Figures

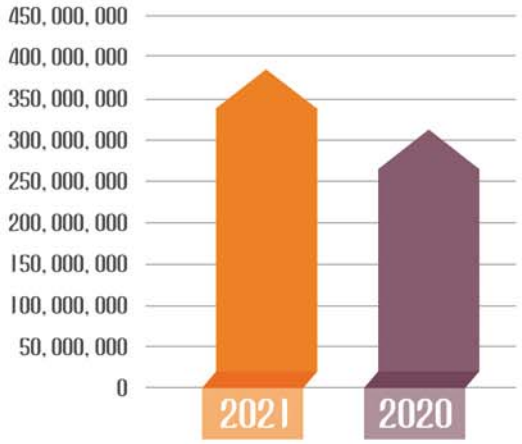
KPW ('000)

DESCRIPTION	2021	2020	change (%)
Gross premiums written	1,051,450	674,776	55.82
Net underwriting result	388,681	312,265	24.47
Profit before payment to state	279,045	225,257	23.88
Retained earnings	1,158,356	963,025	20.28
Total equity	4,158,356	3,963,025	4.93
Total assets	4,623,598	4,228,608	9.34

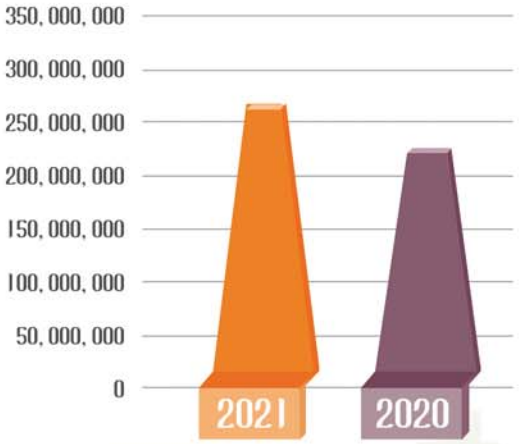
Gross Premiums Written



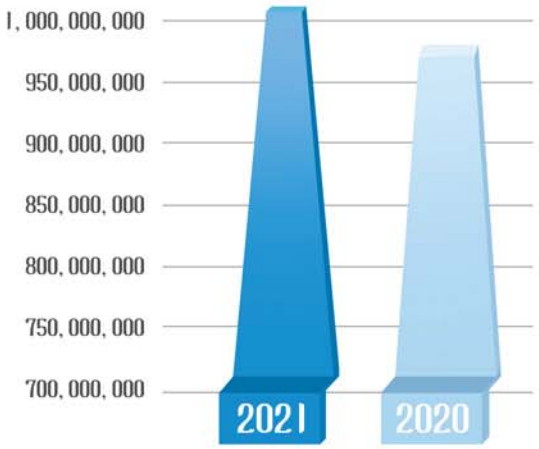
Net Underwriting Result



Profit Before Payment to State



Retained Earnings



Message from CEO

I am pleased to present the Annual Report 2021 and the Financial Statements of Samhae Insurance Company to you.

Our annual report transparently provides in-depth performance of marine insurance activities and other services of the Company and the execution of its mission and sense of duty in 2021.

In 2021, the management and business operation of the Company had taken its stable orbit and attained remarkably higher premium income than the previous year level although the world's pandemic crisis is still recording undesirable climax.

Although the insurance business in the market is going under difficult times in the midst of the world's Covid-19 crisis and worldwide natural disasters, the maritime services and cargo transport including marine and inland transport, port management and fishing have been fairly increased in our Country in keeping with the anti-epidemic regulations and measures of the state causing premium growth of the Company.

Gross written premium for the 2021 grew by 55.82% to KPW 1,051,449,556 compared to KPW 674,775,536 in 2020.

Gross earned premium, after adjusting for the movement in unearned premium provision, stood at KPW 896,742,304, which translates into 24.50% growth compared to KPW 720,289,330 in 2020.

Premiums ceded increased 113.83% more than the previous year and the premiums owned from inwards reinsurance business remained the same level as the previous year.

Gross claims paid during the year under review amounted to KPW 275,328,318, not higher than the average amount of the last 3 years.

The Company's management expenses for the year 2021 amounted to KPW 136,982,838 and they account for steady investment in the modernization of the Company' IT platform, market research and business advertisement.

And keeping with the rapidly developing trends of world's InsurTech, Samhae concentrated and invested more efforts in the scientific technical management in the business.

Especially, updating Business modeling, Digitization and AI technology was the major target that Samhae exerted its due efforts during the year.

There was a robust adaption of technology-backed actives of branches, agents and service initiatives for customers in last year and the updating of on-line business service based on Big-Data technology is near completion.

During the year, the Company continuously tried to be a leading force in the development and transformation of the insurance and reinsurance industry.

The Company initiated multiple activities and provided many ideas and solutions to raise insurance awareness, improve technical capacity in (re)insurance business and also updated the mode of risk management through the in-house workshop and trainings.

The valuable profit achieved in the year 2021 gave the Company an additional strength by raising its capital base and we were able to offer high value and quality services to the customers by means of the technically improved business mode.

Our growth over the years, despite the challenging environment of doing business can only be attributed to the spiritual strength of our management and staff in fulfilling its mission.

We are hopeful that this year 2022 will be a significant year that the world would deliberately remove the pandemic crisis with joint efforts and retrieve the stability in social life.

To this end, on behalf of the executive committee of management, I would like to thank all the staff and management in the Company and branches, for their dedication and hard work which contributed to the positive results in 2021.

My gratitude also goes to all our brokers, reinsurers and business partners for their continuous support and trust.

Kim Myong Il
Chairman of Executive Committee of Management,
Chief Executive Officer

Executive Committee of Management

In accordance with the provisions in the Articles of Association of the Company, it has constituted an Executive Committee which is in operation since the inception of the Company.

The Committee consists of 5 members of senior officials and is primarily responsible for preparation and monitoring of business plan, annual budget, key initiatives, review of operations, human resource development and performance of personnel.

During the year, 6 Executive Committee meetings were held and discussed major issues of business modernization, business expansion into foreign market, improvement of inward reinsurance business, investment to the insurance linked services and personnel management which were reflected by the annual business plans of the Company.

Chairman / CEO
Kim Myong Il

Member / Deputy CEO
Kim Song Ho

Member/ Chief Contracting Officer
Yun Il Hyok

Member/ Chief Financial Officer
Ri Kum Song

Member/ Head of Claims Department
Ri Jong Chol

1
Contract
→ Insurance
→ Reinsurance
→ Branch offices
Claims Settlement
2
3
Finance
CEO
Deputy CEO
Marketing
4
5
Compliance
Administration
6
7
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Report of Business Performance in 2021

As the specialized Marine insurance company, Samhae offers a wide variety of marine insurance and reinsurance coverage catering to the customers' demands in and out of the Country.

Our line of business covers wide range of marine insurance types in the market, primarily including marine hull, cargo, liability and aviation insurance.

The total premium income reached KPW 1,051,449,556 achieving an increase of 55.82% in comparison with the same period of the last year.

The following tables and charts set forth the insurance premiums written and claims paid from our marine insurance business by line of business for the reporting periods indicated.

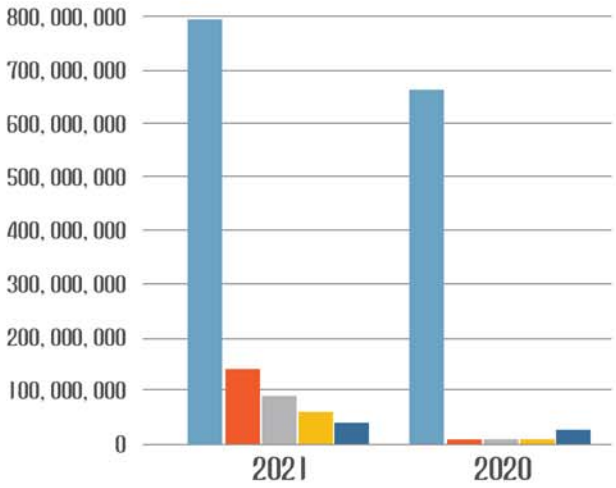
Premiums Written

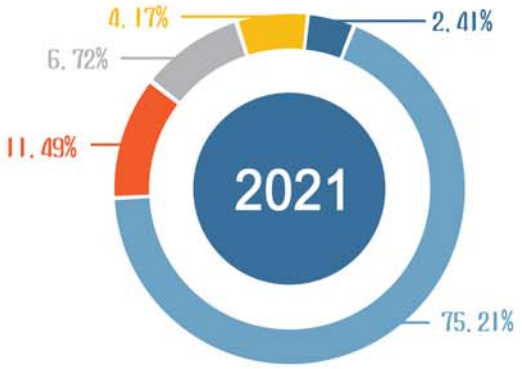
Line of business	2021		2020	
	Amount (KPW)	Percentage (%)	Amount (KPW)	Percentage (%)
Cargo	790,849,861	75.21	652,084,784	96.955
Marine Hull	120,761,267	11.49	77,215	0.011
Fishing Vessel	70,689,094	6.72	248,703	0.037
P&I	43,808,628	4.17	25,043	0.004
Port Liability	25,340,706	2.41	20,128,767	2.993
Total	1,051,449,556	100.00	672,564,512	100.000

Claims Paid

Line of business	2021		2020	
	Amount (KPW)	Percentage (%)	Amount (KPW)	Percentage (%)
Cargo	225,383,691	81.86	393,108,791	94.65
Marine Hull	28,098,670	10.21	7,205,650	1.74
Fishing Vessel	15,596,278	5.66	9,953,750	2.40
P&I	3,875,652	1.41	3,352,150	0.81
Port Liability	2,374,027	0.86	1,651,456	0.40
Total	275,328,318	100.00	415,271,797	100.00

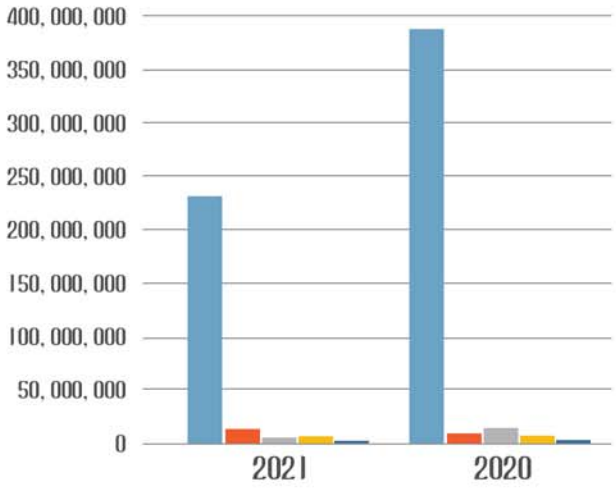
Premiums Written

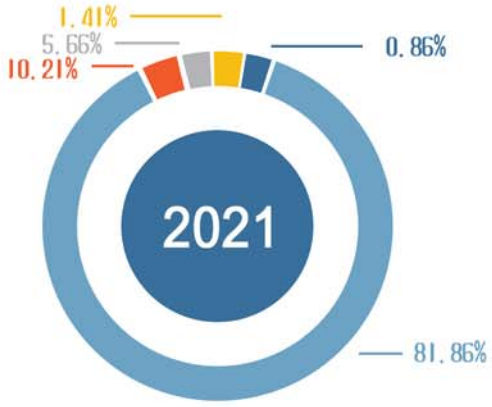




Cargo Marine Hull Fiishing Vessel P&I Port Liability

Claims Paid





Insurance

The Company underwrites marine risks in line with the international standard terms and conditions.

It covers all types of cargo in terminals and between points of transport by various means of conveyance such as sea freight, airfreight and land transit.

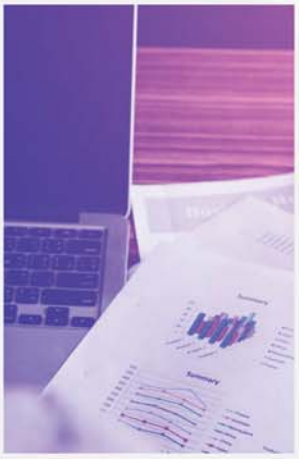
In 2021, the written premium of cargo insurance reached KPW 790,849,861, occupying 75.21% of the Company's total turnover. The claim payment is KPW 225,383,691 occupying 28.50% of the written premium.

The Company also offers hull and P&I cover for all types of vessels including general cargo vessels, fishing vessels, oil tankers, carriers, tug vessels, barges and other offshore supply vessels.

In 2021, the written premium of hull and P&I insurance reached KPW 235,258,989, occupying 22.37% of the Company's total turnover. The claim payment is KPW 47,570,600 occupying 20.22% of the written premium.

Furthermore, the Company wrote liability risks for ship-owners, carriers and ports in 2021.

Reinsurance



During the year, several reinsurance programs and facultative reinsurance businesses were ceded by the Company and the Company accepted worldwide reinsurance business from Asian and African countries with the collaboration of brokers and intermediaries at home and abroad.

In 2021, the Company successfully provided a number of reinsurance covers with high sum inured and strict conditions in aviation hull, marine hull and P&I facultative reinsurance business.

To promote and strengthen its reinsurance capacity and efficiency, the Company developed close relationship with domestic and overseas brokers, insurers and reinsurers in the area of information exchange and business cooperation.

Other Services

Samhae Insurance Company also performs the insurance linked services like insurance business consultation, risk management, loss survey and adjustment services in the Country.

Risk management

The Company made a notable improvement in risk management performance through the modernization of risk managing tools and introduction of effective risk management strategies and development of new managing applications during the period under review.

The risk management team of the Company has intensive technical knowledge and expertise which ensure that the Company can develop the right solution to help clients to mitigate the risks.

And the Company relies on specific tools to monitor clients risk exposure and compare them against the limits set out in its acceptable risk framework.

Loss prevention and reduction

In 2021, the Company made a great efforts to help customers prevent and reduce the extent of loss in marine businesses.

The Company achieved notable success in identifying and addressing potential losses and pointed out the way to prevent or reduce and in cooperation with related organizations, corporations and research institutions, it shared and introduced the research findings achieved in the field of loss prevention.

The Company also regularly carried out field surveys and provided customers with risk survey report every 6 months.

Our assistance in loss prevention and reduction was effective to our customers and highly appreciated by them.

Human Resource Development

Human resource is an invaluable asset of our Company.

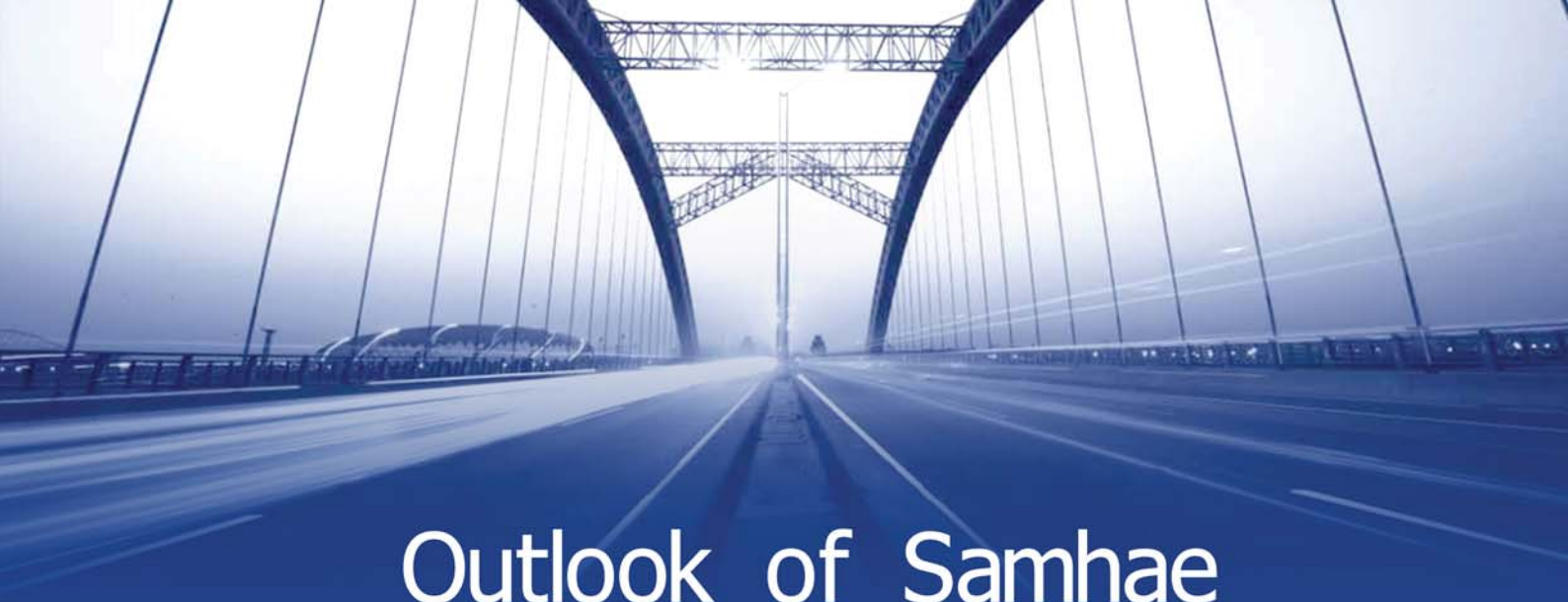
During the year, the Company introduced its online training programme as an instrument for increasing knowledge base of the staff.

All the staff entered into this programme and executed its weekly tasks which represented scientific business issues and also presented their efficient suggestions, opinions and ideas for the benefit and development of the Company.

During the year, 50 training programmes covering theoretical and functional issues were successfully conducted through online and direct meeting.

Further, in order to stimulate open dialogue culture within the Company, 10 open discussions and conferences were held with the professors of universities and officials concerned.

Such the activities to encourage the entire staff and promote business operations were highly appreciated and brought with positive reflection both in (re)insurance business and management policy of the Company.



Outlook of Samhae

The national economy will continue to seek progress in times ahead while maintaining stability and as for the insurance industry the opportunities and challenges will continuously coexist.

And the appearance of new technology and new business model will make a significant impact on the development of the national insurance section which will become the dominant force in the transformation of the insurance business.

In the year 2022, under the guidance of the Company's management strategy, it will actively capture development opportunities adhering to the managing principles and further strengthen the advantages of its valuable information, technology and services.

Samhae will accelerate transformation and development of business operations to ensure high quality business performance and continue to enhance its position in the market.

Irrespective of the extremely adverse of world's pandemic crisis, the Company will continue to vigorously pursue the strategic course that Samhae has embarked upon.

In this respect, it will focus on delivering to our clients even better services centered on state-of-the-art and efficient business activities.

Samhae will strive to promote the transformation and development of its reinsurance business structure by establishing close relationship with the brokers, insurers and reinsurance in and out of the Country and it will maintain stable performance for business operations, consolidate its market position and rapidly promote the development of reinsurance business.

It will also accelerate the expansion into emerging liability business sectors and seize the new opportunities arising from industry-leading business, so as to be a pioneer.

Further it will also promote the business advertisement and introduction through social approach and media.

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31st December 2021

ITEMS	2021	2020
ASSETS		
Cash and cash equivalents	4,150,444,790	3,773,754,693
Trade receivables	39,089,954	65,204,714
Reinsurers' share of insurance contract liabilities	18,300,000	-
Deferred acquisition costs	13,248,265	4,065,884
Prepayments	33,689,709	7,259,479
Other receivables	12,430,727	3,974,616
Property and equipment	329,024,000	342,704,000
Intangible assets	27,370,980	31,644,941
TOTAL ASSETS	4,623,598,425	4,228,608,328
LIABILITIES AND EQUITY		
LIABILITIES		
Insurance contract liabilities	440,836,669	81,103,535
Provision for unearned premiums	186,901,271	47,278,535
Provision for outstanding claims	251,172,500	33,000,000
Other underwriting provision	2,762,898	825,000
Long-term debt	22,600,000	75,800,000
Other liabilities	1,805,579	108,680,300
TOTAL LIABILITIES	465,242,248	265,583,835
EQUITY		
Paid-up capital	3,000,000,000	3,000,000,000
Retained earnings	963,024,493	805,344,519
Profit/loss for the period/year	195,331,684	157,679,975
TOTAL EQUITY	4,158,356,177	3,963,024,493
TOTAL LIABILITIES AND EQUITY	4,623,598,425	4,228,608,328

Statement of Profit or loss
For the year ended 31st December 2021

ITEMS	2021	2020
Gross premiums written	1,051,449,556	674,775,536
Premiums ceded	(13,278,938)	(6,210,000)
Change in provision for unearned premiums	(141,428,315)	51,723,794
Change in reinsurers' share of provision for unearned premiums	-	-
Net premiums earned	896,742,304	720,289,330
Gross claims paid	(275,328,318)	(415,271,797)
Reimbursement of claims for risks ceded to reinsurers	-	-
Change in provision for outstanding claims	(218,172,500)	25,340,000
Change in other underwriting provision	(1,937,898)	1,216,900
Change in reinsurers' share of loss provision	18,300,000	-
Net claims incurred	(477,138,716)	(388,714,897)
Acquisition costs net of related commission income from reinsurance ceded	(30,922,487)	(19,309,467)
Net underwriting result	388,681,101	312,264,966
Other income	27,347,000	24,477,000
General and administrative expenses	(136,982,838)	(111,484,858)
Profit/loss before payment to state	279,045,263	225,257,107
Payment to state	(83,713,579)	(67,577,132)
PROFIT/LOSS FOR THE PERIOD/YEAR	195,331,684	157,679,975

Statement of Changes in Equity

For the year ended 31st December 2021

ITEMS	Paid-up capital	Contingency reserve	Retained earnings	Total equity
Balance as 1st January 2020	3,000,000,000	-	805,344,519	3,805,344,519
Profit/loss for the period/year	-	-	157,679,975	157,679,975
Transfer to contingency reserve	-	-	-	-
Dividends relating to prior periods paid during the year	-	-	-	-
Balance as of 31st December 2020	3,000,000,000	-	963,024,493	3,963,024,493
Balance as 1st January 2021	3,000,000,000	-	963,024,493	3,963,024,493
Profit/loss for the period/year	-	-	195,331,684	195,331,684
Transfer to contingency reserve	-	-	-	-
Dividends relating to prior periods paid during the year	-	-	-	-
Balance as of 31st December 2021	3,000,000,000	-	1,158,356,177	4,158,356,177

Statement of Cash flows
For the year ended 31st December 2021

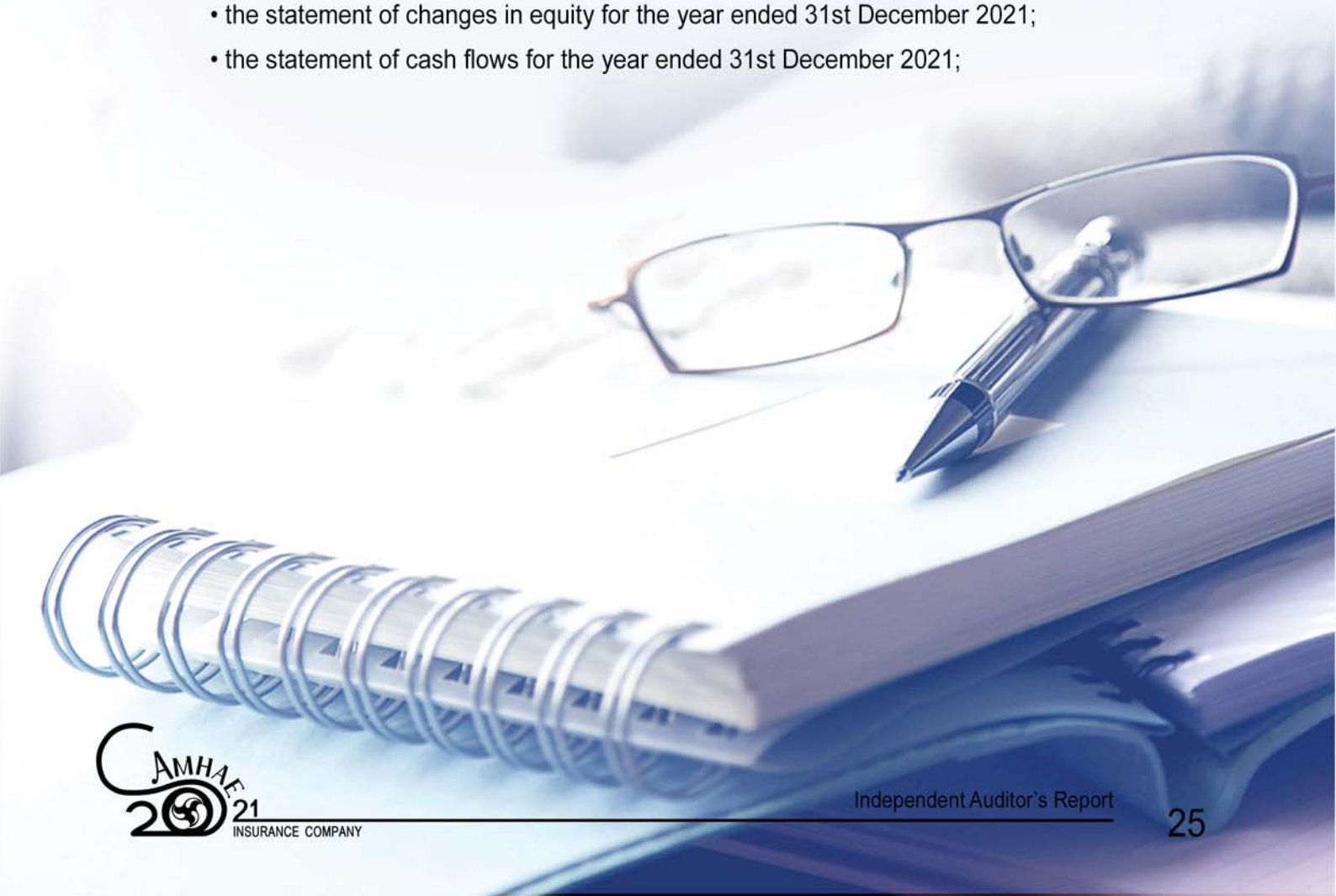
ITEMS	2021	2020
Cash flows from operating activities		
Cash from operating activities	513,603,676	51,200,497
Payment to state	(83,713,579)	(67,577,132)
Net cash from operating activities	429,890,097	(16,376,635)
Cash flows from investing activities		
Purchase of assets	-	-
Net cash from investing activities	-	-
Cash flows from financing activities		
Net borrowings	(53,200,000)	(82,000,000)
Net cash from financing activities	(53,200,000)	(82,000,000)
Net change in cash and cash equivalents	376,690,097	(98,376,635)
Cash and cash equivalents at the beginning of the period/year	3,773,754,693	3,872,131,329
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	4,150,444,790	3,773,754,693

Independent Auditor's Report

What we have audited

The financial statements of the Company comprise:

- the statement of financial position as at 31st December 2021;
- the statement of profit or loss for the year ended 31st December 2021;
- the statement of changes in equity for the year ended 31st December 2021;
- the statement of cash flows for the year ended 31st December 2021;



Samhae Insurance Company's responsibility for the financial statements

The company is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Law and Accounting Law of DPRK and in the manner required by International Financial Reporting Standards (IFRSs).

Auditor's responsibility

Our responsibility is to check these financial statements and notify Samhae Insurance Company of our official results.

We have audited financial statements in accordance with Financial Law, Accounting Law and Auditing Law of DPRK and International Standards on Auditing (ISAs). In order to verify the accuracy of financial statements, we selected the crucial documentation according to our criteria and checked the figures shown therein together with assets management status.

Not only the accuracy of financial statements but also the competency of accounting principles were closely examined. We believe that we have done our job and presented our opinion as professional auditors on a reasonable basis.

Audit opinion

We opine that the audited financial statements give a true and fair view of the financial position of the Samhae Insurance Company as at 31st December 2021, and of its financial performance and cash flows for the year then ended in line with International Financial Reporting Standards (IFRSs) and have been properly prepared in compliance with Financial Law and Accounting Law of DPRK.

Han Myong Il, Director, Pyongyang Office of Auditors of DPR Korea

O Un Hyang, Manager. Pyongyang Office of Auditors of DPR Korea

20th April, 2022

Pyongyang Office of Auditors of DPR Korea

SAMHAE WILL BE THE LIGHTHOUSE LEADING TO THE FAIRWAY IN THE TURBULENT SEA OF BUSINESS

Samhae Insurance Company